

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

**PURPOSE:** This standard practice (SP) states policy and defines procedures to establish accountability for government property.

**POLICY:** The Laboratory must protect all government property and ensure its proper acquisition, use, control, maintenance, and disposition.

**SCOPE:** This SP applies to all subcontracts involving government property.

### **DEFINITIONS:**

**Sensitive Property** Sensitive property is property that has not exceeded its service life, is highly portable, is easily converted to personal use, is more susceptible to theft than other Laboratory property, and generally has an acquisition value of \$300 or more. A DOE approved Sensitive Property Items List that identifies the items that are controlled as sensitive property is provided as Exhibit 45.1.a. These property items are tagged and are controlled consistent with Property Management policy and procedures.

**Equipment** Equipment (also known as controlled property) is property that has a purchase or fabrication cost of \$5,000 or more and requires maintenance of continuous records. These property items are tagged and are controlled consistent with Property Management policy and procedures.

**Government-Furnished Property (GFP)** GFP is property owned by the government and made available to a subcontractor for its use during the performance of work under a specific subcontract with the Laboratory. The term includes government-furnished equipment and government-furnished supplies.

**Government Property** Government property is all equipment, materials, tooling, special test equipment, and supplies to which the government has title. The term includes both GFP and subcontractor-acquired property (SAP).

**Government Property Management System (GPMS)** The GPMS is a written document that describes how the subcontractor will identify, control, and safeguard government property and identifies the person who will administer the plan.

**Subcontractor-Acquired Property (SAP)** SAP is property that the subcontractor acquires or otherwise provides under the terms of a subcontract and to which the government takes title.

To be considered SAP, the terms of the subcontract must provide that the cost of the property will be reimbursed/paid for as a direct item of cost. This applies whether the subcontract is a

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

cost-reimbursable (CPFF, cost-type, T&M, labor hour, etc.) or fixed price type subcontract. Property acquired or otherwise provided by a subcontractor but not reimbursed/paid for as a direct item of cost under the subcontract should not be treated as SAP.

### **Tooling**

Tooling is an accessory to a machine tool or fabrication process that is directly related to the fabrication of a subcontracted item. It includes but is not limited to jigs, dies, fixtures, molds, patterns, tooling programs, gauges, and measuring devices.

## **PROCEDURES:**

### **Identification of GFP and SAP**

The necessity for GFP and SAP should be identified by the requester as part of the purchase request or by an offeror in its proposal. All GFP and SAP should be identified by a detailed item description, the quantity required, the property identification number (if GFP), and the estimated acquisition value, including transportation and other related costs.

### **Special Coordination Requirements for Solicitations Involving GFP and/or SAP**

Special coordination among the procurement specialist, Property Management, and the requester is necessary for proposed subcontracts involving:

- Contaminated property acquired by or furnished under the subcontract;
- Work to be performed in a foreign country that involves property to be furnished to or acquired by the subcontractor;
- A subcontractor that has had previous conflicting property issues and/or its property management system disapproved;
- DOE property to be commingled with that of other government agencies or subcontractors (e.g., Work for Others, Department of Homeland Security); or
- Property that will be incorporated into another piece of property or structure and will lose its identity.

### **Considerations for Granting Use of GFP**

The Laboratory may furnish GFP to a subcontractor for performance on a subcontract when:

- The cost of providing the property to the subcontractor is less than the cost of the subcontractor acquiring it;
- Procurement lead-time will be shortened;
- The subcontractor would have difficulty acquiring the property; or
- It is otherwise in the best interest of the Laboratory.

The value of the GFP will be considered during negotiation of the

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

subcontract price. If GFP is provided after award, the procurement specialist must determine whether consideration should be sought from the subcontractor. The procurement specialist should minimize any competitive advantage that might accrue to the subcontractor from the provision of government property.

### **Subcontracts Involving GFP or SAP**

Subcontracts must identify all GFP authorized for use and SAP authorized for acquisition by the subcontractor that is known at the time of award. The GFP and SAP must be identified in the subcontracts by manufacturer, item description, number of each item, property identification number (if GFP), serial and model numbers, and acquisition value, including transportation and other related costs, to the extent known.

### **GPMS**

When Property Management will notify the subcontractor and the procurement specialist in writing whenever it approves or disapproves a subcontractor's GPMS. The procurement specialist must retain a record of this approval or disapproval in the subcontract file. If a subcontractor cannot perform the subcontract because of its failure to obtain approval of its GPMS, it may be necessary to terminate the subcontract. (See SP 49.1, *Termination for Convenience*, or 49.2, *Termination for Default*.)

### **Changes in Government Property**

**Changes Requested by the Subcontractor** — The subcontractor must obtain authorization from the procurement specialist for changes in GFP or before acquiring any SAP not specified in the subcontract. Upon approval, the subcontractor must notify the Laboratory of the purchase of any SAP by providing the name of the manufacturer, item description, serial and model numbers, date acquired, and acquisition value for each item. The subcontract must be modified to include a full description of each new item of GFP or SAP.

**Changes Initiated by the Laboratory** — In accordance with the property clause of the subcontract, the Laboratory may, by written notice to the subcontractor:

- Decrease the government property provided or to be provided under the subcontract;
- Substitute other GFP for the property to be provided; or
- Substitute GFP for SAP to be obtained under the subcontract.

**Equitable Adjustment** — If requested in writing by the subcontractor, the procurement specialist must make an equitable adjustment to the subcontract if the subcontract provided for use of GFP and the Laboratory then decreased or substituted the property or withdrew the subcontractor's authority to use the property.

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

### **Tagging and Accountability of Equipment and Sensitive Property**

**Subcontractor Accountability** — For equipment or sensitive property, Property Management will furnish bar-code tags and tagging certification forms to the subcontractor. The subcontractor must affix the bar code tags to the property and sign and return the certification forms to Property Management. Property Management will send a copy of the signed certification report to the procurement specialist for the subcontract file.

### **Invoices for SAP**

Subcontracts involving SAP must contain a requirement that SAP be identified in the subcontractor's invoices as a direct item of cost. Copies of invoices for SAP must be provided to Property Management.

### **Disposition of Government Property**

When the subcontractor's need for government property ends or upon completion of the subcontract, the procurement specialist coordinates the disposition of the government property with the requester, the subcontractor, and Property Management. Unless otherwise requested by the subcontractor, in writing, the subcontractor must return all government property to the Laboratory. All government property must be accounted for by the subcontractor.

GFP that is not consumed during performance or incorporated into a deliverable must be:

- Returned to the Laboratory;
- Retained by the subcontractor for use under another Laboratory subcontract;
- Disposed of by the subcontractor at the direction of the procurement specialist;
- Transferred to a government agency; or
- Sold to the subcontractor or abandoned in place.

**Disposition Instructions** — The procurement specialist must provide the subcontractor with a written closeout inventory report and instructions for disposition of the government property. The subcontractor must return the completed report and any disposition requests to the procurement specialist. A copy of all correspondence with the subcontractor must be furnished to Property Management for their information.

**Return of Property to the Laboratory** — Government property should be shipped to the Laboratory Receiving Department so that a receiving report can be generated to document the return of the GFP and delivery of any SAP. Upon receipt of the property, the property records and the subcontract file must be documented to reflect the return of the GFP and delivery of the SAP.

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

**Subcontractor Disposal of GFP** — If the Laboratory determines that GFP should be disposed of because it is inoperable, of no value to the Laboratory, or for any other documented reason, disposal must be handled as follows:

- A written request for the disposal with appropriate approvals must be obtained from the requester and a recommendation for disposal must be forwarded to Property Management; and
- Property Management must review the recommendation, determine the property disposal procedures to be followed, and obtain DOE approval, if required.

### **Transferring Accountability to Another Laboratory**

**Subcontract** — If the government property will be retained by the subcontractor for use under another Laboratory subcontract, accountability must be transferred to the other subcontract. The procurement specialist must obtain a written recommendation from the requester and concurrence from the procurement specialist for the other subcontract to transfer the property. Both subcontracts must be modified to correct Property Management's records.

**Permanent Transfer** — If government property will be retained by the subcontractor for use under a contract with another government agency or a subcontract with another University of California Laboratory (LANL, or LLNL), permanent accountability must be transferred to that agency or Laboratory. The procurement specialist must coordinate the transfer of accountability with Property Management and the requester, and the subcontract file must be documented to reflect the disposition.

**Transferred to the Subcontractor** — When all other options have been considered, the Laboratory may determine whether it is in its best interest to transfer title of the government property by sale, donation (for an educational institution or non-profit organization only), or abandonment to the subcontractor. The procurement specialist must coordinate this action with Property Management. Property Management will review the recommendation, determine whether the action is appropriate, and seek DOE approval, if required. The subcontractor must be notified of the Laboratory's determination.

### **Procurement Documentation for Property Management**

A copy of all subcontracts, modifications, and other pertinent documents involving government property, changes to government property, or changes to the period of performance of such subcontracts must be provided to Property Management.

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

Subcontracts involving GFP/SAP will be marked as such in the PeopleSoft Purchasing system.

Copies of all invoices for SAP must also be provided to Property Management.

A record of the government property will be established in accordance with site instructions upon notification of its shipment or purchase.

### **Coordination with Property Management**

Throughout the procurement process, Property Management should be consulted on property management issues to ensure the proper accountability, maintenance, and control of government property.

## **RESPONSIBILITIES:**

### **Procurement Specialist**

The procurement specialist must:

- Determine whether government property is needed and coordinate its inclusion in the solicitation and subcontract with the requester and Property Management;
- Ensure that the appropriate export control notification is included in the subcontract whenever there is GFP and SAP;
- Determine, when appropriate, through Property Management that the subcontractor has an adequate system to track, control, or maintain government property;
- Retain a record of in the subcontract file of Property Management's approval or disapproval of the subcontractors GPMS;
- Modify and, if appropriate, make an equitable adjustment to the subcontract to reflect any changes in government property;
- Coordinate the disposition of government property with the requester, subcontractor, and Property Management;
- Assist Property Management in obtaining DOE approval for disposition of government property, when necessary;
- Ensure that strict accountability, accurate documentation, reporting, and control of government property are maintained;
- Provide copies of all subcontracts, modifications, and other pertinent documents involving government property, including invoices for SAP, to Property Management of subcontract awards involving government property; and
- Document the subcontract file to reflect all related government property actions.

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

### **Property Management**

Property Management will:

- Work with the requester and the procurement specialist to ensure that the subcontractor's management and control of GFP are adequate;
- Maintain records of all government property in the subcontractor's possession;
- Approve or disapprove a subcontractor's GPMS in accordance with Property Management's procedures;
- Review for approval, requests provided by the procurement specialist for disposal or retention of government property; and
- Coordinate DOE approval of disposition of government property, if necessary.

### **Requester**

The requester will:

- Identify government property in the purchase request by providing a detailed item description, the quantity required, the property identification number (GFP), and the approximate acquisition value and
- Provide written recommendation of the government property's disposition to Property Management.

### **CLAUSES:**

#### Government-Furnished Property (Short Form) (FAR 52.245-4).

Include this clause in solicitations and subcontracts when a fixed-price, time and material, or labor hour subcontract is contemplated and the cost of any GFP is \$100,000 or less, unless an award to an education institution or non-profit organization is contemplated.

#### Government Property (Fixed-Price Contracts) (FAR 52.245-2).

Include this clause in solicitations and subcontracts when a fixed-price contract is contemplated, unless the above clause (FAR 52.245-4) can be used.

- Use Alternate I for negotiated fixed-price subcontracts when prices are not based on:
  - Adequate price competition;
  - Prices set by law or regulation;
  - Commercial items are being acquired;
  - A waiver for submitting Cost or Pricing Data; or
  - A modification to a subcontract for commercial items.
- Also use Alternate I for fixed-price service contracts performed primarily on a Government installation, provided it is in the best interests of the Government.

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 45 Government Property**

**Subject: 45.1 Government Property**

---

- Use Alternate II for basic or applied research at nonprofit institutions of higher education or nonprofit organizations whose primary purpose is the conduct of scientific research.

Property (DEAR 970.5245-1). Include this clause in solicitations and subcontracts for cost reimbursable subcontracts (CPFF, cost-type, T&M, labor hour, etc.).

### **REFERENCES:**

Prime Contract Clause I.114(k) – Contractor Purchasing System  
Prime Contract Clause I.115 – Property, Alternate I

**UNIVERSITY OF CALIFORNIA – PROCUREMENT STANDARD PRACTICES****Subject: 45.1 Government Property****Exhibit: 45.1.a Sensitive Property Items List**

---

**SENSITIVE PROPERTY ITEMS LIST**

Acquisition Cost Threshold: The property listed below is considered sensitive property if it has an acquisition cost of \$300 or more with the exception of organizers with Personal Computer connection capability, computers, and firearms which are considered sensitive property regardless of acquisition cost.

<b>Sensitive Property Category</b>	<b>Examples Include</b>	<b>Minimum Acquisition Value</b>
Portable Telephones	Cellular, satellite, wireless	\$300
Firearms	--	No minimum acquisition cost
Multi-Functional Office Equipment	Printers, scanners, fax, copiers, digital senders	\$300
Computers	--	No minimum acquisition cost
Personal Digital Assistant With PC Connection	Palm Pilot, Palm M505, Handspring	No minimum acquisition cost
Printers	Laser, ink-jet style	\$300
Hand-Held Radios	Two-way	\$300
Recorders/Players	Video (VCR), tape, dictation machines, digital compact audio disc (CD), digital video disc (DVD), audiotape	\$300
Repositories (At LLNL Only)	Includes security containers with combination locks.	No minimum acquisition cost
Scanners, Computer	Digital senders	\$300
Still Cameras and Digital Cameras	Exceptions: Instant cameras, close-up, oscilloscope, x-ray, surveillance, and Charge Coupled Device (CCD)	\$300
Video Cameras	TV, movie, digital	\$300
Video Projectors	Digital	\$300

The above listing is effective for property purchased on and after October 1, 2005.